

news release

for immediate release

May 2, 2023

Penn SERS Board Approves Employer Contribution Rates, Updates Policies, Begins Search for Third-Party Administrator, and Recognizes Departing Board Members

HARRISBURG – The Board of the Pennsylvania State Employees' Retirement System, meeting here today, certified the employer contribution rates for the upcoming fiscal year and approved several policies.

The board certified a composite employer contribution rate of 35.32% of payroll for pension benefits for commonwealth fiscal year 2023-24. The move followed a presentation by SERS' actuary Korn Ferry on the [key results from its 2022 actuarial valuation](#) of the Defined Benefit Plan during the board's Finance and Member and Participant Services Committee meeting last week.

While the full actuarial report will be published next month, key results showed that the plan was 68% funded as of Dec. 31, 2022, (on an actuarial basis, which is used for funding purposes) with an unfunded liability of approximately \$17.5 billion. The cost of benefits that will be earned by employees in fiscal year 2023-24, or the "normal cost" of benefits, will be 8.29% of payroll. The difference between the employers' composite rate and the normal cost of benefits goes toward paying down the unfunded liability of the system.

"After a very difficult year for investors, the report shows that the employer share of benefits remains on track to decrease over time in the coming years," explained SERS Executive Director Joe Torta. "The impact of year-to-year investment swings is moderated by the actuarial method of smoothing gains and losses over five years. As a result, the strong investment returns over the prior few years continue to help move the system toward our long-term goal of eliminating the unfunded liability."

Policy Updates

In other business, the board approved updates to the [Defined Benefit Plan Investment Policy Statement](#) and the [U.S. and International Proxy Voting Policy](#). The board also temporarily expanded delegation of authority to the Chief Investment Officer to partially redeem or reallocate publicly traded real estate assets and partnership interests in core and core plus open-ended commingled vehicles to align the Real Estate portfolio with the asset allocation listed in the *Investment Policy Statement*. The board also updated board position descriptions. (*Policies will be updated on our public website in the coming days.*)

Begins Search for Third-Party Administrator

The board approved beginning the procurement process for a third-party administrator for the defined contribution and deferred compensation plans.

The board also approved the preliminary SERS strategic plan for July 1, 2023, through June 30, 2027, and instructed staff to finalize the plan for formal submission to the Board Governance and Personnel Committee and the board in June.

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Recognizes Departing Board Members

The board also recognized board members **David R. Fillman**, **Glenn E. Becker** and **Mary A. Soderberg**, whose terms have expired, for their dedicated service on the board. Governor Shapiro has appointed replacements, who are currently under consideration by the Senate.

"I have been honored to serve the commonwealth's workers, retirees, and their beneficiaries as a member of this board for more than two decades," said Board Chair Fillman. "The work of this board and the decisions we make have a real and long-term impact on the lives of our members and their families. While I've seen a lot of change during my time on the board, that one truth is the constant that has always driven our decisions."

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Pennsylvania State Employees' Retirement System

Established in 1923, SERS is one of the nation's oldest and largest retirement plans for public employees, with more than 239,000 members. As of Dec. 31, 2022, SERS' Defined Benefit Plan had assets of approximately \$33.7 billion and the Defined Contribution Plan, which launched on Jan. 1, 2019, had approximately \$103.3 million. SERS also administers a voluntary supplemental Deferred Compensation Plan with nearly 57,800 participants and assets of approximately \$4.1 billion as of Dec. 31, 2022. A wealth of information is available at www.SERS.pa.gov.

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